



INITIAL COMMENTS FROM WASTE INDUSTRIES USA, INC. ADDRESSING THE ENVIRONMENTAL REVIEW COMMISSION REGARDING THE SOLID WASTE MANAGEMENT STUDY REQUIRED BY SECTION 14.21(a) OF S.L. 2015-241

February 10, 2016

“The Environmental Review Commission is charged with convening a stakeholder working group to study local government authority over solid waste management matters, including (i) the authority to enact ordinances concerning collection and processing of solid waste generated within their jurisdictions, as well as their authority to charge fees for such services; (ii) an examination of costs to local governments for providing solid waste collection and processing services to citizens; (iii) whether efficiencies and cost reductions could be realized through privatization of such services, and what impacts might result from privatization, including any bearing on local government financing of currently sited solid waste management facilities.”

My name is Phil Carter and I am here today to speak on behalf of Waste Industries, an original Raleigh-based full service solid waste management and recycling company celebrating its 46th year. I have worked for Waste Industries for the past 17 years and currently serve as their government affairs representative. My total experience in the solid waste management industry spans 37 years – 29 years in the private sector and eight years serving in the local government sector as Wake County’s first solid waste management director. Our Chief Executive Officer and my boss Ven Poole asked that I convey his regrets that he could not be here today to address the Commission due to a previously scheduled business trip out of state.

Let me start by saying there are many places where local governments do a great job and there are many places where local governments hire us. We have relationships that date back to the early 1970s. But there is a recent trend happening across the country where local governments are using their police powers to control the free market and in some cases displace the free market. This trend discourages investment, destabilizes the marketplace and costs our citizens far more for no real benefit. As a North Carolina based industry leader, WE want to build a balanced relationship between the free market and government where the best of both thrive. Government can fulfill their obligations to their citizens by planning for

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long term solutions to recycling and solid waste and by encouraging competition and investment from private industry within their jurisdictions. The legislature needs to correct some structural problems in the law that encourage government control and discourage private investment.

It's important to remember and take into account that private companies pay property, sales and income taxes and, in most cases, private employees make more money and have better benefits than local government employees. Private companies fund social security, Medicare and retirement plans rather than adding to the State government burden. The financial impact is actually quite simple. When private businesses invest in plants and equipment, jobs are created and sales and property tax revenues increase. BUT when a local government spends tax money on equipment and property, sales tax revenues are forever lost. Economies of scale favor private businesses so costs to citizens are lower.

The Legislature's goal should be to make sure the playing field is level so local governments don't displace private companies using their power and state subsidies and private industry is incentivized to invest in plants and people and to bring their expertise and innovation to the table.

So:

1. If for any reason a local government takes over providing solid waste services that are already provided by private companies there needs to be a meaningful compensation package to the displaced company so they are able to recover their investment and are made whole for their lost livelihoods [60 months average revenues]. This includes governments taking control and subcontracting by issuing exclusive franchises.
2. If a local government needs to direct solid waste or recyclables to a publicly funded facility to achieve operating efficiency, they need to provide it for free and fund it through tax revenues. Prohibit forcing businesses and citizens to deliver their waste and recyclables to publicly-owned facilities where the price exceeds other private options.
3. The State should provide incentives for local governments who privatize public services they are currently providing.
4. Prohibit the use of State grants to fund programs that will displace private companies.

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5. Prohibit local governments from starting new programs where services are already sufficiently and cost-effectively provided by private companies.

It's all about a balanced relationship that promotes innovation, investment and saves money. We appreciate the opportunity to address the Commission today and look forward to participating as a stakeholder as the study moves forward.

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